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SUBJECT: Embassy Tirana Weekly Report

TIRANA 00000700 001.2 OF 002

¶1. (U) The following is a weekly report prepared by Embassy Tirana's local staff to provide political and economic context and insight into developments in Albania.

Central Bank Taking More Active Role in Economy

¶2. Central Bank Governor Fullani recently increased his presence in the public to unveil the Albanian central bank's (known as the Bank of Albania) stance and its actions to mitigate the negative effects of the global economic downturn on the Albanian economy. The financial sector in Albania has been largely spared from the initial devastating effects of the crisis. However, both consumer confidence and economic activity have declined. Over the past year, bank deposits have declined by approximately ten percent, and banks have continued their conservative lending practices. Even though both deposits and lending have seen recent upticks, the trend since last year has been negative. This in turn has restricted banks' performance and their role as economic activity promoter.

¶3. Following the departure of the IMF mission from Albania in August, Fullani tried with some success to take over the IMF role as the watchdog of the government's financial policies and its implementation of the state budget. Fullani has repeatedly called on the government to remain focused - especially during the current developments - in maintaining country's macroeconomic stability as one of the best achievements in Albania. More specifically, Fullani has raised the attention paid to long-term fiscal indicators, macroeconomic stability, and the GOA's expenditure approach and their effect on the budget deficit.

¶4. The Albanian Central Bank has managed to play an important role in tackling several problems and supporting and monitoring the banking sector in order to prevent any serious threat. It has maintained a stable interest rate as an important anti- inflationary measure, despite political pressure on the Bank to reduce rates. The Governor himself has defended the domestic currency, the Lek, during a recent (and short-lived) sharp decline vs. the Euro, underlining that the Lek has been, is and will remain a successful currency for Albania, adding that it will serve Albania until it eventually enters the European Union. Nobody can say with accuracy when the current global economic crisis will be over. However, all appearances are that the BOA is playing a constructive and stabilizing role, and is helping to insulate as much as possible Albania from its negative effects.

Minister of Economy, Trade and Energy, Dritan Prifti

¶5. Dritan Prifti was born on August 27, 1968 in Berat. He received a Master's of Public Administration (MPA) from Harvard's Kennedy School of Government in June 2000. He received a Master's of Business Administration (MBA) from the University of New Mexico in December 1995.

¶6. Mr. Prifti served as Minister of Energy during September 2001 - February 2002. For a period of three months in 2000 he served as General Director of the Albanian Power Corporation (KESH). This is his third term as a Member of Parliament. Mr. Prifti is member of

Socialist Movement for Integration (LSI) and represents this political party in the Albanian Parliament.

Children of the Blood Feud

¶17. Sitting forlorn on the banks of the Lana river stands a run-down, three-storey building known by many in Tirana as simply "the blood feud building." The purple house stands as a relic and a reminder of Albania's past history with blood feuds. At least one - and perhaps even several - families live secluded in the house, unable to leave the building out of fear that they will be killed as part of an ongoing blood feud.

¶18. According to the Nationwide Reconciliation Committee, whose aim is to mediate interfamily revenge killings, more than 800 children across Albania are essentially imprisoned in their own homes, unable to leave out of fear of death. For this reason these children do not attend school. Attempts were made by the Ministry of Education this year to develop special home-schooling curricula. According to media reports, however, the home schooling by qualified teachers has not commenced yet.

¶19. It is important to note that blood feud killings in Albania are rare - the Ministry of Interior reported that in 2009 there have been only four deaths so far related to blood feuds - the lowest number in 18 years. The blood feud is an anachronistic practice codified in the Canon of Leke Dukagjini, a code of law that emerged in the 15th century to govern life in the isolated north of Albania.

This tradition was banned by the communist regime and ruthlessly suppressed, but took hold again in the chaos after the collapse of communism. The Code says that serious wrongdoing must be avenged by killing a male member of the family that committed the wrong. This in turn leads to a cycle of killings that put at risk all male members of the extended family. Feuds can go on for years or

TIRANA 00000700 002.2 OF 002

generations.

Gjirokastra Folk Festival

¶10. Gjirokastra was the home of the 2009 traditional Albanian folk festival. Held every four years, the festival is usually takes place in the fall. Over 1,000 Albanian singers and dancers from Albania, Kosovo, Macedonia, Serbia, Italy, Germany, Switzerland and the U.S. came together for the festival. The National Folklore Festival had its beginnings in 1968, when it was organized for the first time in Gjirokastra.

¶11. This year Ambassador Withers and a group from the Embassy attended the Festival, while paying a three-day visit to Gjirokastra. The Ambassador gave a Cultural Diversity award to group of minority dancers from southern Albania. Overall, the festival highlights Albania's rich cultural traditions, showcasing the best in Albanian folk music, art and costumes, with performances both within the beautiful Castle of Gjirokastra as well as on the city's famous cobbled streets.

Quote of the Week

¶12. "...The time when Albania decided, based on what one person or another said, has ended. . . Democracy, freedom of speech, freedom of property are all things that the internationals taught us 20 years ago, and now they are also owned by Albanians; therefore, we won't be influenced by expressions, requests, or ultimatums, no matter where they come from." Socialist Party National Assembly Chair, Gramoz Ruci, responding to calls by several foreign ambassadors in Tirana on the opposition to end its boycott of Parliament.

WITHERS